Canadian Northern Economic Development Agency

2012-13

Departmental Performance Report

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Minister's Message

As Minister of the Canadian Northern Economic Development Agency (CanNor), I am pleased to present to Parliament, and to Canadians, the 2012-13 Departmental Performance Report.

Economic development in the North continues to advance with many economic indicators outperforming other parts of Canada. For example, in 2012 the territories reported a GDP growth of 2.9% compared to 1.8% for Canada.

CanNor's program suite was enhanced with the addition of the Community Infrastructure Improvement Fund (CIIF). The CIIF is a new national program geared toward improving the quality of community facilities. An example of CIIF support is the funds provided to replace 50 year-old inefficient generators with electronically controlled fuel-injection and low-emission generators at the Qikiqtarjuaq Power Plant in Nunavut. This investment will result in a fuel efficiency improvement which will help reduce greenhouse gas emissions annually.

This was also a year of program renewal as CanNor worked with stakeholders to examine its Aboriginal Economic Development programming with a view to renovating how the programs work to simplify and streamline their operation, while enhancing their focus on supporting the many economic opportunities open to the Aboriginal people of the North.

The Agency's Northern Projects Management Office (NPMO) continued to focus on problem solving for proponents moving projects through the northern regulatory systems. An important shift for NPMO was to enhance its outreach and support to Aboriginal partners in relation to major projects. This new approach was reflected in a Memorandum of Understanding CanNor signed with the Kitikmeot Inuit Association (KIA). This agreement facilitates NPMO's support for the KIA on environmental assessments, while jointly establishing a community readiness program for the region to maximize the benefits that can come from resource development. Similar initiatives are now being rolled out elsewhere in the North.

In February 2013, CanNor, its federal partners, and the Nunavut Federal Council along with the Government of Nunavut (GN) and Nunavut Tunngavik Inc. (NTI), announced an innovative new learning and development pilot project to help Inuit develop skills for potential employment in the public service in Nunavut. The Inuit Learning and Development Pilot project provides Inuit who have a high school or equivalent, college or university education with practical work experience in federal government departments, the GN and NTI, as well as formal learning, coaching, and mentoring opportunities.

These are just some highlights of a very exciting year. I encourage you to read further about how CanNor continues to work closely with its partners across the North, making real progress on creating jobs, business opportunities, and advancing economic development and long-term prosperity for Northerners.

The Honourable Leona Aglukkaq, P.C., M.P.
Minister of the Environment, Minister of the
Canadian Northern Economic Development Agency and
Minister for the Arctic Council

Section I: Organizational Overview

Raison d'être

Contributing to the jobs and growth in Canada, the Canadian Northern Economic Development Agency (CanNor) works to develop a diversified, sustainable and dynamic economy across Canada's three territories. It does this by delivering economic development programs, undertaking policy and research, and by collaborating with and aligning the efforts of other federal departments, territorial governments, Aboriginal organizations, and industry. This is particularly the case in resource development through its Northern Projects Management Office (NPMO).

Responsibilities

As the only federal department headquartered in the North (in Iqaluit), CanNor offers a unique perspective and value added to the federal government's efforts to advance the socio-economic component of the Northern Strategy. The Agency does this by aligning, sequencing and leveraging the efforts of all federal government departments whose operations impact the North's economic development. This work is enhanced by coordinating federal approaches with those being adopted by territorial governments, communities, Aboriginal organizations and the private sector.

CanNor brings partners together so that investments can be leveraged, ideas and insights exchanged, knowledge shared, and efforts coordinated. Major resource development projects are the single largest driver of economic development in the North and CanNor's NPMO provides single-window pathfinding and issues management for industry at all stages of resource development. Support is also provided to Aboriginal organizations who also play a key role in the consideration of these projects. This work often begins during the exploration phase and takes on even greater importance during environmental assessment and regulatory permitting. NPMO coordinates all federal regulators to ensure the timeliness, transparency and predictability of regulatory efforts, while overseeing the Crown's Aboriginal consultations. NPMO also partners with communities to foster their readiness to maximize the positive impact of these projects, while working collaboratively to minimize and mitigate risks.

The Agency has a suite of contribution programs which include the Strategic Investments in Northern Economic Development (SINED) program, Aboriginal Economic Development programming, the Northern Adult Basic Education Program (NABEP) and the Community Infrastructure Improvement Fund (CIIF). CanNor investments from these programs can be the impetus to get a business started or expanded. They can help a community plan to benefit from upcoming economic opportunities. They can support a wide range of studies and projects from physical infrastructure to preparing individuals to enter the workforce. Often these investments are a catalyst to others investing additional funds in support of CanNor funding, a reflection of the importance of partnerships and aligning efforts that is characteristic of working in the North.

Complementing NPMO and CanNor's contribution programs, the Agency also uses it policy and research capacity to examine economic issues and opportunities. This informs the federal perspective on northern economic development and influences the response to challenges and opportunities. It also contributes to the efforts and thinking of all partners. A common understanding of the facts is a foundation to successful partnerships and effective investments of

time and money. The Agency's pan-northern perspective and knowledge of the North are at the core of its efforts to champion the economic interests of the North within and outside the federal government. Ultimately for CanNor, success is a function of its partnerships, collaboration and networks.

Strategic Outcome(s) and Program Alignment Architecture

The Program Alignment Architecture (PAA) supports achieving the Agency's strategic outcome. It reflects CanNor's current activities, but may change to accommodate evolution in the Agency's roles, responsibilities, programs and activities.

Program Alignment Architecture

	Program	Sub-Program
Strategic Outcome: ***Developed and diversified territorial economies that support prosperity for all Northerners.***	1.1 Business Development	1.1.1 Innovation and Knowledge 1.1.2 Entrepreneurship 1.1.3 Sectoral Development
	1.2 Community Development	1.2.1 Aboriginal Economic Development 1.2.2 Community Adjustment 1.2.3 Capacity and Skills Development 1.2.4 Infrastructure
	1.3 Policy, Advocacy and Coordination	1.3.1 Policy 1.3.2 Advocacy 1.3.3 Coordination
	1.4 Internal Services	1.4.1 Governance and Management Support 1.4.2 Resource Management Services 1.4.3 Asset Management Services

Organizational Priorities

CanNor's one Strategic Outcome is: *Developed and diversified territorial economies that support prosperity for all Northerners*. All of CanNor's priorities and programs fall under this Strategic Outcome.

Priority	Type*	Strategic Outcome
Strengthening the northern economy, including focusing on key relationships	Previously committed to	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

CanNor has met this priority and put a particular emphasis on outreach and engagement with key partners. The renewal of CanNor's Aboriginal Economic Development suite of programs moved forward guided by bi-lateral and group discussions with Aboriginal business and financial organizations. The NPMO deepened its relationship with private sector proponents, particularly in the oil and gas sector to complement its work with the mining industry. More generally, all parts of CanNor worked closely with Aboriginal communities close to major resource development projects to maximize the positive economic impacts those projects can have on those communities.

NPMO is managing 32 northern major projects either in, or preparing to, enter the environmental assessment process. These projects would represent over $24 billion in capital investment and almost 10,000 construction jobs and 9,000 direct long term operating jobs. Support for Aboriginal businesses proved to be enduring as 88% of the Aboriginal organizations and entrepreneurs funded by CanNor were still in business three years later in 2012-13.

CanNor's contribution programs invested in 193 projects for a total of $38 million over the year in a diverse range of economy building initiatives in all three territories. For example, three key areas funded by the SINED program across the territories included: over $4.9 million for mining and geoscience projects; almost $1.7 million to support the tourism industry; and $1.6 million in capacity development support.

A Northern Economic Index (NEI)[1] score of 22, which exceeds the five-year (2006-2010) average of 21.4, shows the advancement of economic development in Canada's three northern territories. The NEI is comprised of seven indicators of the state of the economy in the three territories, which illustrate the state of the labour market, financial well-being of Northerners, fiscal health/self-sufficiency of territorial governments, investment in the territories, as well as the state of business activity.

* Type is defined as follows: **previously committed to**—committed to in the first or second fiscal year prior to the subject year of the report; **ongoing**—committed to at least three fiscal years prior to the subject year of the report; and **new**—newly committed to in the reporting year of the RPP or DPR. If another type that is specific to the department is introduced, an explanation of its meaning must be provided.

Priority	Type	Strategic Outcome
Advancing major project development in the North	Previously committed to	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

CanNor met this priority. While the pace of mining development has recently slowed down due to softer commodity prices and reduced private sector expenditures on exploration and development, resource development continues to be a primary economic driver across the North. Whether the opportunities flow from exploration, operating mines, or those projects moving through the regulatory system, the scope of activity has meant that CanNor and its NPMO put a strong focus on advancing major projects (including large scale infrastructure) across the North. CanNor's contributions programs supported this priority in areas such as geosciences and the negotiation of impact benefit agreements. These investments were key in meeting this priority and were complemented by NPMO's single window service on all things resource development in Canada's North. A key shift was NPMO's strong emphasis on partnering with Aboriginal communities.

The NMPO developed the Community Readiness Initiative to help communities plan and prepare for major resource development prior to projects moving through the regulatory process. This new initiative works to bring together partners in resource development including the territorial and federal governments, Aboriginal leadership and project proponents who together plan on how to maximize the positive socio-economic impact of major projects. Engagement is at the core of how NPMO operations and was reflected in the 11 Resource Development Advisory Groups (RDAGs) it chaired over the year. RDAGs enable proponents to present their proposed projects to, and seek feedback from, the relevant regulatory boards and federal and territorial departments and agencies in advance of entering the review process. Project committees met through the year in Yukon, Northwest Territories and Nunavut. These forums allow representatives from the federal, territorial and regulatory boards to convene and discuss issues related to the review process. Project-specific technical working groups, related to particular aspects of a project (e.g., shipping) were also organized to facilitate the sharing of information between the proponents, federal and territorial departments, Aboriginal governments and organizations, and the respective review board.

Priority	Type	Strategic Outcome
Effective financial management	Previously committed to	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

The Agency met this priority. CanNor continued to improve its financial reporting by Program and as a result, planned spending for 2012-13 is properly aligned with the Main Estimates and actual spending. The Agency also implemented business processes and governance to ensure effective financial control and monitoring.

The Office of the Comptroller General completed a Follow-Up Audit (report dated April 2013) to the 2011 Core Control Audit, which examined controls over financial management and reporting, and found significant improvements achieved by CanNor as part of the commitments made in response to the findings and recommendations of the 2011 Audit.

Priority	Type	Strategic Outcome
Excellence in people management	Previously committed to	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

The Agency mostly met this priority. CanNor promoted a culture of excellence using the Public Service Employee Survey (PSES) results to guide the collective efforts of management and employees. Some results included improved internal communications and the creation of a policy analyst development program. The Agency also undertook a classification review to bring stability to the structure of the organization and to ensure that work descriptions accurately reflect the work and roles and responsibilities of positions. Work was also undertaken to implement the use of generic work descriptions to facilitate recruitment and employee mobility.

The Agency also partnered with other federal departments in Nunavut, the Nunavut Federal Council, the Government of Nunavut (GN), and Nunavut Tunngavik Inc. (NTI) to launch an innovative learning and development pilot project to help Inuit develop skills for potential employment in the public service in Nunavut.

During the reporting year, the Agency experienced normal annual staff turn-over as well as some challenges related to northern hiring and staffing of key positions. Work is still underway to update the Agency's Human Resources Plan.

Priority	Type	Strategic Outcome
Advance performance measurement and its application to CanNor's activities	Previously committed to	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

CanNor partially met this target. In 2012-13, the Agency undertook a review of its Performance Measurement Framework (PMF) to streamline it and to better capture activities related to the Agency's mandate and programs. Work was undertaken to fine-tune performance indicators and targets at the strategic outcome and program levels and a plan was put in place to refine the PMF further over the course of 2013-14 to establish targets down to the sub-program level.

Through the Treasury Board Secretariat's annual amendment process, work has been underway over the past two years to develop refined and/or new performance indicators and targets. The Agency has made significant progress in terms of streamlining its PMF and developing targets down to the lowest reporting level and this progress will be evident with results being reported at the sub-program level in subsequent DPRs.

However, there is still work which needs to be done to develop and implement an electronic performance reporting process to track progress against specific program targets.

Risk Analysis

The risks in the following table were identified in CanNor's 2012-13 Report on Plans and Priorities (RPP).

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Link to Organizational Priorities
Operational Environment: The North's tremendous economic potential is coupled with enormous challenges in the delivery of economic development programming and regulatory coordination in the Arctic. Even the larger communities in the three territories are far from markets, and economic and municipal infrastructure can be limited. Logistics are challenging in the North and the cost of doing business is very high.	In order to respond to this risk, CanNor undertakes research and engagement on an on-going basis to foster its in-depth understanding of the changing northern context and the impacts of the global economy. This work provides the facts needed to inform what CanNor does in terms of directing investments through its programs, while also bringing forward ideas on how public policy responses can address northern gaps and opportunities. A tool that CanNor created to monitor trends in northern economic development is the Northern Economic Index (NEI)[2]. CanNor's on the ground presence across the North is also vital to	Developed and diversified territorial economies that support prosperity for all Northerners	Strengthening the northern economy including focusing on key relationships

	responding to this need to address northern realities. Federal investment opportunities are informed by CanNor's knowledge and experience. At this stage in the development of the North's economy, CanNor recognizes this risk by focusing on foundation investments, such as the Northern Adult Basic Education Program which advances literacy and numeracy to prepare Northerners for the labour market. Similarly supporting feasibility studies that examine future infrastructure opportunities can also be a catalyst to future development.		
Relationships with Clients, Partners and Stakeholders: Most of CanNor's activities involve some element of partnership or collaboration, making it critical that the Agency build strong relationships with other key players who advance economic development.	CanNor engaged with partners across all three territories to inform how it invests its contribution programs funding. A strong emphasis was put on leveraging CanNor investments to support the efforts of partners and that is why for each dollar of CanNor funding, on average partners contributed almost two dollars. Aboriginal partnerships are also key to the way CanNor operates. Whether negotiation of Memoranda of Understanding (MOUs) to support cooperation on major projects, or when designing new or updating existing programs, CanNor reaches out to its Aboriginal partners to ensure its efforts and activities are aligned with those of the Aboriginal population across the North Additionally, CanNor focused on enhancing relationships with other federal departments to leverage authorities within respective mandates to support economic development objectives across the North. CanNor initiated an inventory of all federal programming that contributed to advancing resource development so as to better understand existing tools and levers, and then shared this with other federal partners to help each make connections with other organizations. More generally, the Agency's NPMO has developed a variety of tools to coordinate federal regulatory activities	Developed and diversified territorial economies that support prosperity for all Northerners	Strengthening the northern economy including focusing on key relationships Advancing major project development in the North

	related to major projects in the North, with its efforts always advanced from the perspective of maximizing partnerships and bringing parties together that include federal and territorial government departments, project proponents, regulatory boards and Aboriginal organizations.		
Public Communications: CanNor must effectively communicate its role and activities as part of the Government's Northern Strategy, provide information on program delivery successes; engage the public, partners and stakeholders; and deliver consistent messages about the Agency so that Canadians understand its role and functions and how it can and does serve them.	CanNor employs a suite of tools to ensure stronger communications and better alignment of the Agency's communications efforts. For example, CanNor's website is being revamped to ensure that its contents are current and accessible. Public awareness of the Agency's programs and services is promoted through news releases, of which there were 43 in 2012-13, program announcements and outreach events. A number of promotional products, including fact sheets, a brochure and strategic framework document, and success stories, have been developed to increase visibility and strengthen the CanNor brand. In 2012-13 CanNor updated its Corporate Risk Profile to remove Public Communications as a stand-alone risk and now incorporates a communications component into other risk areas, where applicable.	Developed and diversified territorial economies that support prosperity for all Northerners	Strengthening the northern economy including focusing on key relationships
Legal, Statutory and Land Claims: A number of policies and legislative requirements set the context for CanNor's operations. CanNor must also adhere to the terms of Aboriginal land claim and self-government agreements in the North. These agreements also influence the regulatory environment in which the NPMO operates.	CanNor is designing its own internal practices and models for business delivery to align with statutory and other legal requirements. The Agency is working to ensure that these practices reflect the role played by comprehensive land claim and Aboriginal self-government agreements in the North. CanNor has also taken a leadership role when opportunities present themselves, such as the development of the Inuit Learning and Development Pilot project which helps the Government of Canada fulfill its responsibilities under article 23 of the Nunavut Land Claims Agreement.	Developed and diversified territorial economies that support prosperity for all Northerners	Strengthening the northern economy including focusing on key relationships Advancing major project development in the North

The operational environment risk reflects challenges particular to operating in the North in general, and the small size and somewhat limited capacity of CanNor and its partners. Within CanNor, 70 staff dispersed in four locations and across three time zones can present challenges

to delivery across the full range of CanNor's activities. This challenge is often replicated within CanNor's partners who are similarly small in scale notwithstanding the large scope of economic challenges and opportunities. Further, economic development is itself an outcome that is subject to external market forces. Small scale business development is inherently a challenge and CanNor's focus on supporting initiatives at the higher end of the risk continuum invariably results in greater challenges in delivering expected outcomes. Even large centres in the three territories are far from markets, and economic and municipal infrastructure is limited. Disruption to global economic growth can weaken demand for northern commodities which are very much at the heart of future large scale economic development across the North. As with smaller scale business development, the limited northern infrastructure and labour market challenges further exacerbate this risk.

To mitigate this risk, CanNor invests significant effort in policy and research, as well as engagement and leveraging its on-the-ground presence and knowledge. This fosters in-depth understanding of the changing northern economic context and provides a foundation of facts that drives the Agency's efforts; this includes informing what CanNor does in terms of directing investments through its programs, while also bringing forward ideas on how public policy responses can address northern gaps and opportunities. CanNor also uses its knowledge base to sequence its work in a logical order and puts a strong emphasis on foundational investments in socio-economic pillars that bring greater certainty and, ultimately, stability to advancing the northern economy. Creating a program like the Northern Adult Basic Education Program which advances literacy and numeracy to prepare Northerners for the labour market illustrates this approach. Similarly, supporting feasibility studies that examine future infrastructure opportunities can also be a catalyst to future development.

Economic development, like business, is always a matter of partnership and this in itself creates risks; this is particularly true in the North given the operational challenges highlighted. The time it takes to generate consensus among parties can result in windows of opportunity being missed. Any one partner can experience its own capacity or operational challenges and raise the risk to the group and its shared goals.

For these reasons, fostering good relationships with stakeholders, clients, and partners is paramount to CanNor's success and requires vigilance in building and nurturing relationships. As a relatively new federal organization, significant effort is put into communications to reach out to potential partners and raise awareness of the scope of CanNor's activities. Internally within the federal government, a liaison office is maintained in Ottawa to ensure that federal public policy initiated by other departments which impacts the North is put through a northern lens – interdepartmental structures are leveraged to this end and significant efforts put into bilateral relationships and shared initiatives. CanNor's program operations staff reach out to the communities they are part of to seek out new partners and deepen the relationship with existing organizations, particularly the territorial governments. This approach is reflected in how often a CanNor investment is supplemented by that of a partner. In particular, Aboriginal partnerships are an underlying focus. Whether negotiating MOUs to enhance cooperation on major projects, or when designing new or updating existing programs, CanNor reaches out to its Aboriginal partners to ensure its efforts and activities are aligned with the views and interests of the Aboriginal population across the North. Another example of this organizational culture of

partnership is reflected in the work of NPMO with its many tools (e.g., MOUs, databases, trade show participation, community readiness work, etc.) to advance responsible resource development and community well-being near major projects across the North.

Public communications was identified as a risk in the Agency's first Corporate Risk Profile developed in 2009-10. During 2012-13, the Agency updated its Corporate Risk Profile to eliminate public communications as a stand-alone risk, and now includes a communications component into other risks as applicable. This maturing of CanNor's approach to communications and understanding of how to use this function successfully to advance its mandate, is reflected in how its uses its many tools (e.g., press releases, interviews, participation at community and industry events, web presence and media engagement, new promotional documents including CanNor's first multi-year strategic framework) to increase visibility and deepen Northerners' understanding of what CanNor does, while sending a similar message to those beyond the North who are seeking information and direction on how they can contribute to economic growth in the three territories. These efforts set the stage for more work and refinement of CanNor's communications approach. In this regard, work was undertaken to revamp the Agency's website, a focus was put on integrating communications into all functions across CanNor, and the Agency developed detailed plans to enhance internal and external communications.

Legal and statutory risk relates to legislation, regulation, court decisions, major policy initiatives and, particularly in the case of CanNor, constitutionally protected comprehensive land claim agreements as well as Aboriginal government arrangements. These agreements also influence the regulatory environment in which the NPMO must operate. CanNor has designed practices and models for business delivery and has integrated legal risk management into its activities. Additionally, CanNor is engaged in on-going dialogue with Aboriginal stakeholders to effectively gauge and adjust delivery for success as necessary. The NPMO plays a key role in coordinating Aboriginal consultation for major projects. CanNor has also taken a leadership role when opportunities present themselves, such as the development of the Inuit Learning and Development Pilot program which helps the Government of Canada meet its responsibilities under article 23 of the Nunavut Land Claims Agreement.

Summary of Performance

Financial Resources – Total Departmental ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual Spending)
51,151	51,151	55,032	52,389	(1,238)

The increase in funding in 2012-13 is related to new funding for the Community Infrastructure Improvement Fund. Details are provided below the Performance Summary Tables.

Human Resources (Full-Time Equivalents - FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
78	70	8

The difference between the planned and actual FTE count can be attributed to normal annual staff turn-over, in addition to some challenges related to northern hiring.

Performance Summary Table for Strategic Outcome and Programs ($ thousands)

Strategic Outcome: Developed and diversified territorial economies that support prosperity for all Northerners.

Program	Total Budgetary Expenditures (Main Estimates 2012–13)	Planned Spending			Total Authorities (available for use) 2012–13	Actual Spending (authorities used)			Alignment to Government of Canada Outcomes
		2012–13	2013–14	2014–15		2012–13	2011–12	2010–11	
Business Development	23,030	23,030	22,600	4,000	23,138	22,425	22,700	1,600	Strong Economic Growth[3]
Community Development	18,520	18,520	20,400	16,200	21,886	20,642	14,000	46,500	Strong Economic Growth
Policy, Advocacy and Coordination	1,751	1,751	2,300	2,300	1,860	2,006	2,000	3,800	Strong Economic Growth
Strategic Outcome Sub-Total	43,301	43,301	45,300	22,500	46,884	45,073	38,700	51,900	

Performance Summary Table for Internal Services ($ thousands)

Internal Services	Total Budgetary Expenditures (Main Estimates 2012–13)	Planned Spending			Total Authorities (available for use) 2012–13	Actual Spending (authorities used)		
		2012–13	2013–14	2014–15		2012–13	2011–12	2010–11
Sub-Total	7,850	7,850	6,500	6,300	8,148	7,316	9,900	12,400

Total Performance Summary Table ($ thousands)

Strategic Outcome and Internal Services	Total Budgetary Expenditures (Main Estimates 2012–13)	Planned Spending			Total Authorities (available for use) 2012–13	Actual Spending (authorities used)		
		2012–13	2013–14	2014–15		2012–13	2011–12	2010–11
Total	51,151	54,151	51,800	28,800	55,032	52,389	48,600	64,300

Actual Spending

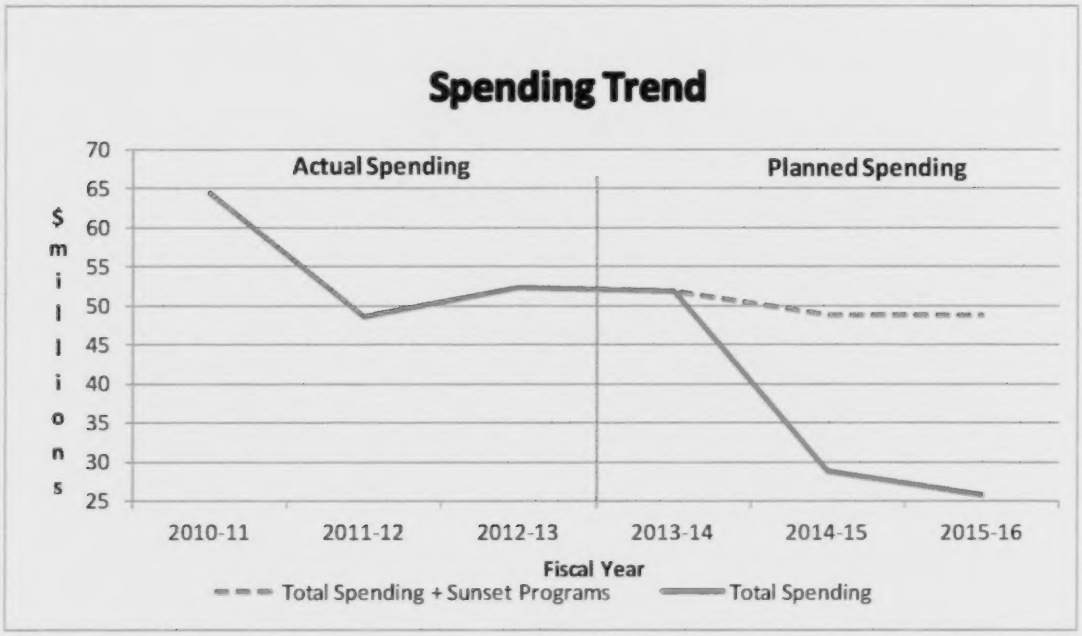
Actual expenses in 2010-11 were higher than in 2011-12 due to Canada Economic Action Plan funding - Community Adjustment Fund ($16.6 million) and the Recreational Infrastructure Canada program ($1.3 million) that sunset in 2010-11. In 2011-12, there were additional one-time funds related to the Nutrition North Program ($1.2 million) and construction of the Agency's Iqaluit headquarters ($2.04 million). Also in 2011-12, funds which had been originally allocated to the Community Development program were reallocated to the Business Development program to better align contribution programs within the Agency's PAA. Actual spending increased by $3.8 million in 2012-13 as a result of a $5 million increase in the Northern Adult Basic Education Program funds and the addition of $3.2 million for the Community Infrastructure Improvement Fund. These increases were slightly offset by the previous year's one-time funding. Actual expenses are also impacted by CanNor's funding programs which are proposal-driven. In any given year, certain programs may be over-subscribed or, as was the case in 2012-13, slightly under-subscribed.

Planned Spending

The planned spending for 2013-14 of $51.8 million includes $3.2 million for the Community Infrastructure Improvement Fund (which was not included in the planned spending for 2012-13) and streamlining and efficiency measures that resulted in a reduction of $2.2 million. The $23 million decrease in funding between 2013-14 and 2014-15 is because of the sunsetting of the SINED program ($19.8 million) and of the Community Infrastructure Improvement Fund ($3.2 million). Sunsetting programs are subject to government decisions to extend or enhance funding. The outcomes of these decisions will therefore be reflected in both the Agency's future budget exercises and Estimates documents.

Expenditure Profile

Departmental Spending Trend



The major reduction in spending between fiscal years 2010-11 and 2011-12 is due to the sunset of the Community Adjustment Fund and the Recreational Infrastructure Canada program.

The following changes impacted the spending trend between 2011-12 and 2012-13:

- one-time funding of $1.2 million for the Nutrition North Program in 2011-12;
- one-time spending of $2.04 million for the Iqaluit office construction in 2011-12;
- spending of $3.2 million per year in 2012-13 and 2013-14 for the CIIF;
- spending for the Northern Adult Basic Education Program ($2 million in 2011-12, $7 million per year from 2012-13 to 2014-15, and $4 million in 2015-16);
- Budget 2012 reductions of $2.2 million in 2013-14 ($0.2 million in 2012-13); and
- lapsing of contribution and operating funds, which may vary from year to year.

Finally, there is also a $19.8 million decrease in funding between fiscal years 2013-14 and 2014-15 because of the sunset of the SINED program.

Estimates by Vote

For information on CanNor's organizational Votes and/or statutory expenditures, please see the *Public Accounts of Canada 2013 (Volume II)*. An electronic version of the Public Accounts 2013 is available on the Public Works and Government Services Canada website.[4]

Contribution to the Federal Sustainable Development Strategy (FSDS)

CanNor is not required to report under the *Federal Sustainable Development Strategy*[5] but nonetheless adheres to the Act's principles. Many of CanNor's activities contribute positively to addressing climate change and air quality, maintaining water quality, protecting nature, and shrinking the government's environmental footprint. The Agency is committed to the use of information and communication technologies to reduce the impact of the geographic distance between its offices while also reducing some of the environmental impacts arising from its operations. As CanNor is also committed to the *Policy on Green Procurement*[6], the Agency integrates green procurement practices into its operations. For additional details on CanNor's Greening Government Operations (GGO) activities, please see the Agency's GGO Supplementary Table for 2012-13[7].

Strategic Environmental Assessment

Consistent with the Government of Canada's commitment to sustainable development, the Agency is committed to complying with the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*[8], and, therefore, ensures that all policy, plan, and program proposals consider, when appropriate, potential environmental effects. Strategic Environmental Assessments (SEAs) are conducted when circumstances warrant. In 2012-13, scans undertaken for policy and program activity identified no requirement for SEAs.

Section II: Analysis of Programs and Sub-Programs by Strategic Outcome

CanNor has one strategic outcome in its Program Alignment Architecture: *Developed and diversified territorial economies that support prosperity for all Northerners.*

Strategic Outcome: Developed and diversified territorial economies that support prosperity for all Northerners		
Performance Indicators	**Targets**	**Actual Results**
Economic Development • Stakeholder / partner / client satisfaction	• In fiscal year 2012-13, obtain and post on the Agency's Web Site feedback from stakeholders, partners, and clients regarding their level of satisfaction	Obtained informal feedback from stakeholders, partners, and clients. Responses demonstrated a high level of satisfaction with CanNor's knowledgeable and supportive staff. The issue of uncertainty regarding programming renewal was raised as a concern, but stakeholders indicated a high level of satisfaction with the information shared. Stakeholder feedback is posted on the Agency's web site[9].
• Total CanNor annual funding plus amount of funding leveraged	• 175% of funding leveraged. (Dollars invested in projects by other than CanNor vs total annual funds distributed by CanNor)	200% [a]
Diversification • Distribution of CanNor investments and projects by economic sector	• 80% compliance with the SINED Investment Plans	>80% [b]
Increased Prosperity • Change in median income in the North	• Annual increase in median income in the North	Median income increase:[c] Yukon: 2.71% Northwest Territories: 2.76% Nunavut: 4.19%
Effective Program Implementation • Gross Domestic Product (GDP) of the North	• Annual increase in GDP in the North.	In the territories, real GDP was $7,444.3 million in 2011 and increased to $7,662.2 million in 2012, for an annual increase of 2.9%.

a) The percentage of funding leveraged for 2012-13 exceeded the target by 25%. However, this figure includes funding for multi-year projects which results in an increased percentage.

b) Multi-year funding also impacts the calculation for compliance with the SINED Investment Plans. The results to the end of fiscal year 2012-13, yield 71% compliance with the investment plans, however, when multi-year approvals in place to the end of the investment plan period (March 2014) are included, the results exceed the 80% target.

c) The most recent median income statistics available from Statistics Canada enable an annual comparison between 2009 and 2010. The comparison demonstrates an increase in each territory.

Programs and Sub-Programs

No targets and actual results are being reported on the performance results tables at the Sub-Program level because CanNor's Performance Measurement Framework (PMF) was under review during the reporting year, in an effort to streamline and better align it with Agency activities. Work has been underway over the past two years, through the Treasury Board Secretariat's amendment process, to develop refined and/or new performance indicators and targets. In the interim, focus was placed on targets at the Strategic Outcome and Program levels, for which results are provided in this report. Subsequent reports will include targets and results at the Sub-Program level of the Agency's PAA

1.1 Business Development

This program supports the growth and expansion of northern businesses, including small and medium-sized enterprises, through training, advisory services, and grants and contributions. The program's objective is the encouragement of a competitive, diverse northern business sector with a strengthened capacity for innovation. Further details can be found at 2012–13 Main Estimates.[10]

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual) 2012–13
23,030	23,030	23,138	22,425	605

The $605,000 difference is a result of some of the total contribution funding available having not been distributed during the year. CanNor's funding programs are proposal-driven, therefore, some years some programs may be over-subscribed or, as is the case in 2012-13, slightly under-subscribed.

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
17	14	3

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Increased number of northern and Aboriginal businesses that are economically / financially sustainable.	Percentage of northern and Aboriginal individual or community-owned businesses supported by the Agency that are still operating	Percentage of businesses in which CanNor invested still operating: 90% after 1 year; 70% after 2 years; 38% after 3 years	88% after years 1, 2 and 3

Performance Analysis and Lessons Learned

CanNor made project investments in excess of $20 million in 2012-13. Under the SINED contribution program, almost $18 million was distributed across the North. Funding was guided by investment plans that were the result of engagement with stakeholders undertaken in 2009, and further informed by ongoing consultation, coordination and economic development research. Investments under this program have targeted key economic development sectors such as geoscience, tourism, cultural industries, economic infrastructure, mining, oil and gas development, forestry, renewable energy, small- and medium-sized enterprises, commercial and traditional harvesting, and capacity development. An evaluation of SINED was launched in 2012-13 for which results will be available in 2013-14.

The Agency also supported Aboriginal business development under the Aboriginal Business Development Program (ABDP) within its suite of Aboriginal Economic Development programs. Efforts continue to ensure that CanNor's support to Aboriginal organizations and entrepreneurs reflect the principles of the Federal Framework for Aboriginal Economic Development and are aligned with the overall economic development objectives and opportunities across the North. Of the businesses funded under ABDP, 88% were still in operation after the first, second, and third year.

In all three territories CanNor supported alternate service delivery arrangements that provided business advisory services to assist small business owners in accessing financing for planning, start-up, expansion and marketing. The Agency also served as the federal managing partner for the Canada Business Service Centres, ensuring local access to information required for business development.

CanNor provided support to capacity-building projects designed to enhance small- and medium-sized enterprise activities:

- in the areas of information technology, human resource development and marketing;
- to improve access to training and development for current and potential employees in the business community;
- aimed at women who are interested in business and entrepreneurship as a potential career path; and
- to benefit from mineral exploration and resource development projects.

1.1.1 Innovation and Knowledge

Fostering innovation and knowledge is fundamental to increasing competitiveness of the North. Deepening knowledge of the particular economic challenges and opportunities facing the territories reduces business risks in areas such as marketing, planning and financing, while innovative technological and strategic responses to northern realities improve productivity. Through SINED, CanNor makes investments in innovation and knowledge activities such as studies to better understand and assess economic opportunities, information-sharing workshops and conferences, and development of marketing materials. Interventions may also assist northern applications to national programs in areas such as alternative energy.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
1,686	1,570	116

The $116,000 difference is a result of total contribution funding available having not been fully distributed. CanNor's funding programs are proposal-driven, therefore, some years some programs may be over-subscribed or, as is the case in 2012-13, slightly under-subscribed.

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
1	1	0

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Strengthened northern innovation and technology capacity and increased knowledge base	Number of successfully completed studies/projects (knowledge base / capacity) funded through the Innovation and Knowledge fund	Under development in 2012-13	Under development in 2012-13

Performance Analysis and Lessons Learned

The Agency provided over $1.4 million to support innovation and knowledge projects across the three territories. Examples include the following.

In the Northwest Territories, funding was provided to support the development of a business case for a pilot project for cost-effective and sustainable modular greenhouses for the North. This proposal was inspired by a high Arctic greenhouse research facility which has been operating successfully for 10 years to model food production in space. If deemed feasible, the business case could lead to a license to commercialize the research results and to build the greenhouses. Preliminary research results indicate strong potential for locally grown food at lower costs, significantly reduced greenhouse gas emissions, and creation of a new northern labour sector in agriculture.

In Nunavut, funding was provided to support a hydrology analysis project. The Iqaluit Hydroelectric Project's main objectives are to reduce the City of Iqaluit's reliance on fossil fuel, provide long-term stability to energy costs, reduce the overall cost of electricity in Iqaluit and surrounding areas, and reduce greenhouse gas emissions. Successful completion of a hydroelectric project for the City of Iqaluit would eliminate the consumption of up to 32 million litres of diesel fuel and reduce greenhouse gas emissions by up to 71,000 tonnes annually. Business development costs could also be positively impacted given the high proportion of energy costs borne by northern businesses. Cost savings generated at the Iqaluit-based hydroelectric facility could potentially be used to offset the high cost of diesel generated electricity in other Nunavut communities, thereby providing a territory-wide benefit.

In Yukon, funding was provided to the Yukon Research Centre (YRC) for seven innovative cold climate projects proposed by private sector applicants. The research projects were focused on the development of commercially viable products that would provide higher-quality or lower-cost solutions to existing problems in targeted market segments such as recycling, weather monitoring, and biomass energy efficiency. This support to the YRC builds upon the success of similar funding provided previously for a plastics-to-oil conversion project which gained national and international attention and raised the profile of the innovative capabilities that are present in the North.

1.1.2 Entrepreneurship

Fostering an environment in support of private business and a culture of entrepreneurship expands participation in economic activity, both for Aboriginal entrepreneurs and for all

Northerners. Such assistance is key to longer-term diversification of territorial economies. CanNor makes interventions to foster the growth and prosperity of small and medium enterprises (SMEs) through application-based contribution programs. For example, SINED is a program of general application which chiefly provides foundational investments benefitting businesses across sectors or regions (for instance, increasing the capitalization of developmental lending organizations). The ABDP provides additional direct assistance to Aboriginal owned and controlled businesses.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
3,028	2,747	281

The $281,000 difference is a result of total contribution funding available having not been fully distributed. CanNor's funding programs are proposal-driven, therefore, some years some programs may be over-subscribed or, as is the case in 2012-13, slightly under-subscribed.

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
2	2	0

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Northern and Aboriginal entrepreneurs have increased access to funding.	Funds disbursed to northern and Aboriginal businesses and sectoral/ community development organizations plus funding leveraged	Under development in 2012-13	Under development in 2012-13

Performance Analysis and Lessons Learned

CanNor provided over $2.4 million in support to entrepreneurs through SINED and the ABDP in 2012-13. Examples include the following.

ABDP support is used in a variety of ways to assist First Nation entrepreneurs and businesses in realizing their small business goals, including by encouraging business start-ups and helping entrepreneurs and small business owners maintain their competitive edge. The NWT Region provided $65,000 in funding assistance through ABDP to help two local Aboriginal community members join forces with a non-Aboriginal partner to leverage a further $110,000 in private corporate financing to invest in a convenience store and gas bar in Fort Simpson. When the former owners sold the business as a result of the announced suspension of field development

activities related to the Mackenzie Gas Pipeline project, the two aspiring Fort Smith entrepreneurs grabbed the opportunity. This has resulted in full-time and part-time jobs for nine community members.

The Kluane Community Development Corporation is a relatively new organization mandated by the First Nation to provide economic development opportunities to the members residing in Burwash Landing, Yukon. ABDP funds helped to establish a café-convenience store along the adjacent Alaska Highway. The development corporation has expanded its business offerings and the store now provides retail products, food and services, resulting in the creation of four full-time and four seasonal jobs in an area where such opportunities are limited.

As part of Whitehorse's focus to improve the overall appearance of the lands along the Yukon River, a new retail project, Waterfront Station, was developed at the north end of the city's water-front promenade and trolley-line and includes an upper-scale restaurant and bakery on the first floor retail strip, with second floor commercial enterprises and offices such as the Business Development Bank of Canada and Yukon Chamber of Commerce. A Tr'ondek Hwech'in First Nation member recognized the opportunity to establish a high-end hair salon, the Color Bar Salon, as part of this new retail space. The Waterfront Station venture continues to attract new tenants to its retail and commercial spaces and the resulting traffic volumes, once the mall is complete and fully rented, will enable the Color Bar Salon to realize initial projections of eight jobs for stylists and front counter personnel.

Located in the community of Carcross, Yukon, along the South Klondike Highway between Skagway and Alaska, the Caribou Crossing Trading Post (CCTP) is a retail tourist destination that has been in operation for over 30 years, offering a variety of activities and amenities such as trail rides with sled dogs, gold panning, a Museum of Yukon Natural History, a gift shop, a bake shop, and lunch and dinner service. CCTP is located approximately one hour away from one of the busiest tourist ports in North America (Skagway), and has established sales channels with Holland America, Princess Tours, Disney Cruise Lines, locals and the general recreational vehicle traffic. Already a well-established operation, ABDP helped the owners of CCTP to develop and implement a new marketing plan to remain current, including use of the internet as both marketing and planning tool for prospective visitors, increasing the company's presence/visibility in Skagway and attending trade shows.

1.1.3 Sectoral Development

CanNor strategically targets key existing, expanding and emerging sectors, in order to leverage the growth potential of established activity such as resource extraction, while encouraging development of smaller sectors such as tourism and cultural industries. Diversification through the development of new sectors, products, and markets to broaden the economic base, will reduce the territories' vulnerability to boom-bust cycles.

CanNor interventions are through application-based contribution programs. These could include, for example: the development of sectoral strategies; regional resource inventories; support for the creation of technology clusters; and new product development and marketing assistance through existing mechanisms. In addition, the Strategic Partnerships Initiative enables public and/or private Aboriginal organizations to negotiate arrangements which increase Aboriginal

participation in important areas within the territorial economies such as activity in the mining and energy sectors.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
18,315	18,107	208

The $208,000 difference is a result of total contribution funding available having not been distributed. CanNor's funding programs are proposal-driven, therefore, some years some programs may be over-subscribed or, as is the case in 2012-13, slightly under-subscribed.

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
14	11	3

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Increased uptake of economic opportunities in existing, expanding and emerging sectors	Percentage of program expenditures against Territorial Investment Plan targets.	Under development in 2012-13	Under development in 2012-13
Increase in the number of Aboriginal stakeholders accessing benefits from partnerships in key/priority economic sectors	Percentage of Aboriginal employment in mining, energy, tourism, etc., in relation to total employment in these sectors in the North.		

Performance Analysis and Lessons Learned

A long term sustainable northern economy is one that maximizes the potential for diversification. However, the North's economy is significantly less diversified than the national economy overall, and its level of economic diversity still lags behind that of most provinces. In 2012 alone, two sectors: 1) mining, quarrying and oil and gas extraction; and 2) public administration, accounted for 41.8% of the North's GDP. By contrast, these two sectors only represented 14.7% of GDP at the national level. The northern economy was therefore nearly three times as dependant on these two sectors than the country as a whole. Over the last three years, the relative contribution of northern economic sectors has not changed significantly.

CanNor has developed an econometric tool, the Northern Economic Diversification Index (NEDI) [11], which serves as a measure of the state of economic diversity in Canada's three northern territories.

To assist in northern economic diversification, and to complement private sector initiatives and territorial programs, the Agency has provided over $16 million in 2012-13 to support the development of a wide range of sectors. CanNor provided support to all three territories for geoscience projects that included activities such as conducting examinations of known or newly discovered mineral occurrences and areas of unknown geology; reviewing methods of data dissemination through updated and improved map data and linkages; surficial geology mapping; and geophysical surveys. These geoscience studies resulted in reconnaissance landscape hazard maps and reports that are relevant to climate change and community infrastructure planning.

A variety of other projects were funded, including tourism marketing plans; support for the forest industry in several areas such as resource inventories, community wood lots, harvesting and pellet heat; and funding for fishery development for seabed mapping, fish stock identification, and economic viability of vessel types.

1.2 Community Development

This program supports community-level investments in infrastructure and organizations, and individual-level investments in skills and capacity development undertaken in collaboration with other federal departments and partners. The program's objective is the establishment of economically sustainable northern communities with a high quality of life for residents. Further details can be found at 2012–13 Main Estimates.[12]

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual) 2012–13
20,357	18,520	21,886	20,642	(2,122)

New contribution funding in the amount of $3.2 million was approved in 2012-13 for the Community Infrastructure Improvement Fund. These funds were not included in the Planned Spending.

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
17	14	3

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Increased sustainability and well-being of northern communities	Community Well-Being Index [13] (CWBI) income and labour force participation sub-indices.	An increase in the percentage of northern communities with positive change in the rating in the CWBI sub-indices of income and labour force participation.	Results are reported using the most current available data from Statistics Canada and the Conference Board of Canada as proxies. Employment rate (proxy for labour force): reported annual increase of 0.4% (from 65% in April 2012 to 65.4% in April 2013)[14] Personal disposable income (proxy for well-being): 3.80% annual change from $37,777.78 in 2010-11 to $39,214.70 in 2011-12[15]

Performance Analysis and Lessons Learned

CanNor provided over $18 million to support community development in 2012-13. Money actually spent exceeded the original planned spending amount because of the introduction of the new Community Infrastructure Improvement Fund in 2012-13.

The Agency worked with partners to identify optimal areas for funding and investment, and leveraged the role of the NPMO to better understand the potential impacts and benefits of development projects in the North, and to make strategic investments in communities where development was underway or planned for the future.

CanNor focused significant policy and research efforts on the renewal of Aboriginal Economic Development (AED) programming and worked closely with Aboriginal governments and organizations to understand and respond to the economic development needs of these groups in accordance with the Federal Framework for Aboriginal Economic Development.

The Agency also provided support for official language minority communities in the territories, implementing Canada's strategy for official languages, the *Roadmap for Canada's Linguistic Duality 2008–2013: Acting for the Future*, in the North.

A wide range of projects were funded under AED programming or in areas of capacity and skills development and infrastructure. One such example is the funding provided for a broadband project to complete the final section of fibre-optic cable to connect the Hay River Reserve and the community of Hay River to a fibre trunk line. The K'atlodeeche First Nation (KFN) implemented the project and has been working diligently to improve the community's connectivity and network infrastructure. The community has refitted their internal communications network to include video conferencing, wireless connectivity, and fibre-optic infrastructure. KFN Band members have been trained and certified to maintain the system, and an accreditation curriculum was developed to teach information and communication technology network capacity to other NWT residents.

1.2.1 Aboriginal Economic Development

Under the new Federal Framework for Aboriginal Economic Development, CanNor creates and supports conditions that enable Aboriginal peoples and communities to identify and successfully pursue economic development opportunities. Interventions through AED contributions programming ensure that Aboriginal communities and community economic development organizations have planning capacity, and access to professional economic support and advisory services. An opportunity-driven component provides project-based support to communities for public services in economic development leading to community economic benefits.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
10,857	9,464	1,393

The difference in spending can be attributed to the programming having not been fully subscribed during the fiscal year and lower operating costs allocated to this sub-program as funding was shifted to support the implementation of the CIIF program.

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
10	6	4

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Increased economic development benefits and employment opportunities for targeted Aboriginal communities	Number of Community Economic Opportunities Program projects producing concrete economic/employment benefits to date	Under development in 2012-13	Under development in 2012-13
Aboriginal communities with professional and organizational capacity for long-term economic development	Number of Aboriginal communities with functioning professional, administrative, institutional economic development capacity		

Performance Analysis and Lessons Learned

During 2012-13, CanNor continued to deliver AED funding while a significant amount of policy work was devoted to the renewal of this programming. CanNor worked closely with Aboriginal Affairs and Northern Development Canada (AANDC) to ensure that the renewed programming for the North aligns with that being undertaken by AANDC elsewhere in the country while addressing unique northern challenges and opportunities.

The Agency provided over $8.3 million of contribution funds to support a wide range of projects. Funding was provided for community economic development planning and capacity development initiatives, and to support Impact Benefit Agreement (IBA) negotiations in relation to major projects. Funding supported the development of a protocol agreement and a socio-economic participation agreement with major exploration and development companies. These agreements are put in place to ensure Aboriginal communities directly benefit from employment, preferred contracting, business development, and training opportunities. The agreements also take into consideration preservation of culture, as well as environmental matters.

Another project provided support to a First Nation district land corporation to capitalize on an oil and gas development opportunity in the region. A review of the economic potential of subsurface lands, an economic analysis of alternative royalty arrangements and a determination of appropriate freehold lease models were completed in 2012.

1.2.2 Community Adjustment

Communities in the North have been impacted by the global economic downturn. CanNor helped impacted communities maintain employment and adapt their economies, through a two-year stimulus measure - the Community Adjustment Fund (CAF). CAF was a project- based contribution program of general application, administered by the regional development agencies, including CanNor in the territories. CanNor delivered CAF under the same terms and conditions as SINED, but with added priority for projects that generate near-term local employment. Long-term environmental benefits were considered as well. Examples of interventions included tourism-focused beautification of public areas, improvements to recreational trails, and environmentally friendly energy investments.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
0	0	0

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
0	0	0

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Improved economic conditions in targeted communities.	The number of businesses created, maintained, or expanded	Not applicable	Not applicable
	The number of jobs created.		

Performance Analysis and Lessons Learned

The Community Adjustment Fund (CAF) ceased in March 2011. As a result, there was neither CAF activity nor funding during fiscal year 2012-13. The Fund ceased prior to Performance Measurement Framework targets at the sub-program level having been developed. Results against the Fund's performance measurement strategy were provided as part of Economic Action Plan reporting for the period ending March 2011. This sub-program no longer forms part of CanNor's Program Alignment Architecture (PAA).

1.2.3 Capacity and Skills Development

The northern workforce lacks many of the skills needed by business and industry, and most of the small industry associations or demographic groups have limited capacity to serve their members' needs. CanNor makes investments in capacity and skills development through the SINED contribution program. Investments in this area include: gap-filling to support initiatives of non-federal departments, agencies and institutions of higher learning that have responsibility for the training and development of individuals and organizations; development of certification standards, curriculum and materials; support to industry organizations to strengthen their ability to service members (other than core funding); and access by small and medium enterprises, communities and organizations/associations to expert advice/training in areas linked to economic development. CanNor also invests in capacity and skills development through the Northern Adult Basic Education Program (NABEP). NABEP funding aims to increase the adult educational capacity of northern colleges, providing northern adults greater opportunities to obtain the essential skills that lead to jobs or further occupational training, and provide business with an expanded source of local labour. The program is designed to achieve results over the

long-term by leaving the colleges with a legacy of increased capacity for adult education. In addition, AED provides contribution funding to support the capacity of Aboriginal communities to identify and serve members' economic interests.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
7,662	7,566	96

This difference demonstrates that the programs were only slightly under-subscribed.

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
7	5	2

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Increased capacity to identify and respond to economic development needs and opportunities through training and business skills development activities of northern individuals and communities	Number of individuals / organizations receiving training through SINED	Under development in 2012-13	Under development in 2012-13
	Percentage of individuals employed after training		

Performance Analysis and Lessons Learned

CanNor provided over $6.7 million to support capacity and skills development across the North. Funding was provided to support training and development for equipment operators to enable Northerners to be employed in mining, road construction, and other industries. Other areas supported included funding to train land use planners to support community development through planning and identifying areas for economic growth in municipalities. Funding was provided to support a conference entitled: "Organizing Northern Economic Development Practitioners" held by the NWT Business Development and Investment Corporation in partnership with the Department of Industry, Tourism and Investment of the Government of the NWT. The conference focused on business and economic development to increase awareness of available programs and provide opportunities for training. Over 100 participants from 32 communities took part in the conference.

CanNor, along with its federal partners in the Nunavut Federal Council, the Government of Nunavut (GN), and Nunavut Tunngavik Inc. (NTI) launched an innovative learning and development pilot project to help Inuit develop skills for potential employment in the public service in Nunavut. The Inuit Learning and Development Pilot (ILDP) project is providing

practical work experience in federal government departments, the GN and NTI. The pilot project includes formal learning, coaching and mentoring opportunities and provides beneficiaries of the Nunavut Land Claims Agreement with practical experience and a greater understanding of the public sector through workplace assignments with structured training and learning opportunities given by key partners with additional assistance by the Canada School of Public Service. Successful participants will be placed in a pre-assessed inventory developed in collaboration with the Public Service Commission so that they may more easily be staffed into federal positions at the end of the pilot project.

During 2012-13, the Agency delivered over $6.6 million under NABEP across the three territories, and engaged territorial colleges to monitor performance of the program. NABEP is focused on preparing working-age adults to enter the workforce directly or to take further vocational training before entering the workforce, both in larger urban centers and in remote communities.

CanNor served as the federal managing partner for the Canada Business Service Centres in the North. These Centres provide information on various government programs and services, including federal, available to northern entrepreneurs, enabling easy and convenient access to business information from a variety of federal and territorial departments and agencies. This work supports the Agency's goal to increase capacity to identify and respond to economic development needs and opportunities through training and business skills development activities of northern individuals and communities.

1.2.4 Infrastructure

CanNor funds the growth and enhancement of northern economic infrastructure by supporting the planning and development of multi-user physical infrastructure projects that are important to economic growth in the North. Funding is provided to support areas such as:telecommunications investments that fill gaps not covered by other federal programming; small scale public infrastructure investments that are tied to economic diversification (e.g., signage, technology enhancements, minor capital equipment purchases such as computers, local internet hardware, or for demonstrations or pilot purposes); and minor capital investments. Another contribution funding program, the CIIF, provides funding for the rehabilitation or improvement, including the expansion, of existing community infrastructure facilities such as community centres and recreational facilities and other existing community infrastructure assets that have a local community impact such as local roads, drinking water treatment and distribution systems, solid waste management and wastewater infrastructure, and energy infrastructure.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
0	3,611	(3,611)

New contribution funding in the amount of $3.2 million was approved in 2012-13 for the Community Infrastructure Improvement Fund. These funds were not included in the planned

spending, which resulted in additional funds being spent during 2012-13. As well, operating funds of $411,000 were allocated to this sub-program from within existing CanNor reference levels.

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
0	3	(3)

As the program was newly introduced in 2012-13, there were no planned FTEs at the beginning of the year. Existing human resources were reallocated to implement this new program.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Northern communities have increased / enhanced quality infrastructure	Number of new / improved northern infrastructure elements successfully completed	Under development in 2012-13	Under development in 2012-13
	Percentage of stakeholder / client / partner satisfaction		
	Dollar value of program expenditures, plus dollars		

Performance Analysis and Lessons Learned

In 2012-13, the two-year CIIF was established to improve community facilities. CanNor is delivering CIIF investments of $6.4 million over two years. In the North, CIIF investments are helping to boost economic activity and support job creation. Through CIIF, CanNor has supported, on a cost-shared basis, repairs and improvements to existing community infrastructure for use by the public. CanNor has worked with its partners and stakeholders to identify projects that meet eligibility requirements, including the potential to create economic benefits for northern communities.

In 2012-13, $3.2 million of CIIF support was distributed across the North. Funding was provided to help improve community recreational facilities and included projects such as swimming pool renovations and arena retrofits. Well-functioning recreational facilities help to promote healthy lifestyles for youth and adults, improving overall community well-being, an important foundation for supporting the economic health of the community. CIIF funding also supported moving an historic log building 20 kilometers on a specially constructed ice road to a hamlet along the Dempster Highway to allow the facility to operate as a focal point for tourists and as a venue for small businesses that presently lack exposure. Project renovations employed local people and used materials, supporting local businesses including a recently opened local sawmill. CIIF funds were also used to support the replacement of inefficient fuel generators in the Qikiqtarjuaq Power Plant in Iqaluit. The new electronically controlled fuel- injection and low-emission generators are estimated to improve efficiency by up to 5% annually and will contribute to a reduction in overall greenhouse gas emissions.

1.3 Policy, Advocacy and Coordination

This program supports research and analysis to guide programming and policy choices, the promotion of northern interests both inside and outside of the federal government, and the development of horizontal strategies, initiatives and projects to address economic development challenges in the North. Further details can be found at. 2012–13 Main Estimates.[16]

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual) 2012–13
1,751	1,751	1,860	2,006	(255)

Actual spending exceeded planned spending due to an effort to enhance policy in relation to resource development and major projects.

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
14	15	(1)

The difference is due to an effort to enhance policy in relation to resource development and major projects.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Policies, programs and initiatives that are effective, strengthen the northern Canadian economy and enable Northerners to access business and community development opportunities	Northern Economic Index (NEI)[17]	Annual increase in the NEI	2012 NEI Score: 22*

*Due to the lack of updated trade balance numbers, the latest available data (2010) was used to calculate the 2012 NEI score of 22. An NEI score of 22, which exceeds the five-year (2006-2010) average of 21.4, shows the advancement of economic development in Canada's three northern territories. The NEI is comprised of seven indicators of the state of the economy in the three territories, which illustrate the state of the labour market, financial well-being of Northerners, fiscal health/self-sufficiency of territorial governments, investment in the territories, as well as the state of business activity.

Performance Analysis and Lessons Learned

The Agency strengthened its policy, advocacy and coordination activities to support its work on advancing the efforts of all economic development partners and stakeholders. This activity and other aspects of CanNor's operations are informed through economic research and analysis and by monitoring economic issues and opportunities on an ongoing basis.

CanNor brought a northern economic lens to all federal government initiatives and activities, and will continue to develop its capacity to facilitate and enable the alignment of key economic development activities in the North being undertaken by the Government of Canada as well as by other economic development stakeholders and partners. To illustrate, CanNor participated in national efforts to put in place the new CIIF program, ensuring that the program criteria were able to accommodate small scale infrastructure initiatives that accommodate the range of needs and size of northern communities.

To achieve a coordinated whole-of-government approach to managing major projects, the NPMO:

- continued to provide a single window for information and guidance to project proponents and others regarding the applicable environmental assessment and regulatory requirements for northern projects, through active engagement and outreach with industry and government partners;
- expanded its project management efforts to support Aboriginal communities near major projects;
- reached out to Aboriginal organizations to negotiate MOUs to support their communities during environmental assessments, as well as to work collaboratively with these communities and other partners to advance community readiness where major projects will be occurring;
- advanced an integrated economic development perspective to major projects development, including aligning other CanNor programs and tools to major projects;
- implemented the MOU between the NPMO and federal departments and agencies. The MOU confirmed the commitment of the parties to work co-operatively to ensure that environmental assessment and regulatory review of northern projects proceed in a timely, predictable, transparent, effective and accountable manner;
- continued to implement the NPMO governance structure, which includes a project committee in each territory, Resource Development Advisory Groups, and project-specific working groups. NPMO governance also links to the major projects governance tools used by Natural Resources Canada;
- coordinated and maintained the record of Crown consultations associated with major projects;
- established binding major project-specific agreements and undertook project-specific issues management and resolution; and
- oversaw project timeline tracking.

1.3.1 Policy

CanNor's policy function informs departmental decision-making by providing a solid base of knowledge and understanding to develop effective programs and federal initiatives; to provide support for the development of the Agency's strategic priorities; to provide input to national

policies; and to establish strategic partnerships with governments and stakeholders from the private and not-for-profit sectors. Specific policy-linked activities include policy and economic research, advice and analysis to provide evidenced-based programming and policy choices, and the development of effective horizontal strategies, initiatives and projects to address economic development challenges in the North, as well as improve the overall performance of natural resource management systems.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
584	669	(85)

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
5	5	0

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Well informed evidence-based policy decisions reflecting opportunities and challenges of the northern economy while considering business and community development potential and best practices	Percentage of clientele / partners / stakeholder satisfaction feedback	Under development in 2012-13	Under development in 2012-13

Performance Analysis and Lessons Learned

During 2012-13, the Agency focused on the development of a Strategic Framework for 2013-18[18]. The framework is designed as a roadmap that outlines the intended role and contribution of the Agency in northern economic development over a five-year period. It situates the Agency's priorities, programs and activities in a broader context, against the backdrop of ongoing and anticipated economic opportunities and challenges, while providing insights into the essential partnerships and initiatives that CanNor can lead or coordinate to ensure progress towards common goals.

As well, a significant amount of policy work was devoted to the renewal of AED programming. CanNor worked closely with northern stakeholders to develop a new approach to its existing programs that would strongly reflect the 2009 Federal Framework for Aboriginal Economic Development[19]. Similarly, work was launched to better understand the impacts of the SINED program concurrent with an evaluation that was launched as the program moves into its final year.

A strong focus was placed on working with P3 Canada, Transport Canada, and Infrastructure Canada on policy directions related to infrastructure. In particular, CanNor and its NPMO, working with territorial governments and major project proponents, built an inventory of proposed major projects infrastructure and initiated an analysis of how to link public needs with these private sector initiatives.

Labour market needs across the North, and particularly in the resource development sector, represent an important challenge. For instance, if the 32 major projects either in, or preparing to enter, the regulatory process in one of the three territories go into production, almost 10,000 workers would be required to build these projects, 9,000 more to operate them and thousands more needed in support sectors. Working with Employment and Social Development Canada and other federal departments and territorial partners on this question, efforts are underway to examine the supply and demand sides of the resource development sector and how tools such as training, can be used to respond to the gaps.

Regarding connectivity, the importance of the internet to economic and broader societal development in the North was reflected in work that was undertaken in collaboration with the Conference Board of Canada and the Northern Communications and Information Systems (NCIS) intergovernmental working group. These efforts looked at the current state of northern connectivity, multi-modal opportunities (e.g. fibre, microwave, satellite) to close gaps, as well as the potential return on investment to business and economic outcomes should improvements be made. Further work is underway with federal partners to examine the current tools and mechanisms in place to address the challenges and opportunities to close the digital divide in the North.

1.3.2 Advocacy

CanNor's advocacy function stems from the Agency's mandate to "foster regional economic development in Canada's three territories by advocating on behalf of the interests of northern and Aboriginal people". Federal and non-federal decision-makers are required to be well-informed, understand and give appropriate consideration to the North's issues; and regional stakeholders and governments must remain well briefed with respect to federal government actions and opportunities that are relevant to the economic interests of the North. Through specific activities, such as strategic and sectoral partnerships, engagement, awareness and opportunities workshops, and agenda management, CanNor aims to align economic development activities in the North in a more effective manner and to advance northern industrial sectors (e.g., mining, energy), business and community interests with respect to program development, regulation, and federal economic policies.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
584	669	(85)

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
5	5	0

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Northern business and community development interests are increasingly reflected in federal economic policies, programs and regulations	Extent of positive feedback from other federal departments / agencies / stakeholders / territorial governments	Under development in 2012-13	Under development in 2012-13

Performance Analysis and Lessons Learned

Advocacy among federal departments is an important aspect of CanNor's work as programs of national application that are led by other organizations may, at times, not attain the necessary outcomes for the North. The unique northern governance, limited human and financial capacity, geography and demography, collectively result in a different policy context than what exists for most of the rest of Canada. This is reflected in the focus CanNor has put on the policy issues noted and explains the importance of maintaining a liaison office in Ottawa.

This representation of the federal government position on Canada's North is also reflected in the relationship CanNor maintains with territorial governments, the private sector and other countries. Of particular note, CanNor launched work during 2012-13 to prepare to support Canada's upcoming chairmanship of the Arctic Council. That work looked at the potential for enhanced circumpolar business and economic cooperation with a particular focus on the emerging need and desire for Arctic-based businesses to come together and find a way to interact with the Arctic Council and its governance structures.

During 2012-13, CanNor also undertook work to bring a more holistic approach to advance responsible resource development and socio-economic outcomes across the territories by leveraging current Government of Canada activities, identifying gaps and tracking efforts to find solutions to pan-northern issues. An inventory of federal initiatives linked to northern resource development was built, and is shared with participating federal partners. This work helps to ensure that current federal investments and efforts are aligned to maximize their collective impact in the most efficient and effective manner. Key focus themes for partner collaboration include: workforce, infrastructure, governance and regulatory, access to capital and global

marketing, and community readiness. Collaborative groups of relevant participating federal organizations were established in many of these areas.

1.3.3 Coordination

CanNor's coordination function engages a range of economic actors (government, non-governmental organizations, Aboriginal organizations and private companies) to address the economic priorities of the North, and to leverage resources and investments by building partnerships and coordination with other federal departments. CanNor's coordination function is supported to a large extent by the NPMO, established as a core program within CanNor to work with project proponents, federal departments, regional regulators and other authorities – with a view to addressing process bottlenecks and to improving the timeliness, predictability and transparency of federal regulatory participation in natural resources development projects in the three territories and the northern offshore. In the longer term, NPMO will also track the progress of northern projects in its portfolio through the entire life-cycle of the project, engage stakeholders and governments regularly on performance and operational policy practices and issues, and will coordinate Aboriginal consultation efforts. More broadly, CanNor will forge strategic relationships with other federal departments and agencies to improve communication and coordination with a view to strengthening the economic fundamentals of the North. As a federal focal point for investing in the North, CanNor will develop mechanisms to allow departments to identify common priorities and achieve synergies for maximum results.

Financial Resources ($ thousands)

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
583	668	(85)

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
4	5	(1)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Development of enabling partnerships / coordination of partners / stakeholders in addressing northern economic priorities	Percentage of stakeholder / partner satisfaction – feedback / follow-up	Under development in 2012-13	Under development in 2012-13

Performance Analysis and Lessons Learned

Resource development continues to be a primary economic driver across the North. There is exploration, operating mines, and numerous projects either preparing to enter or in the northern

regulatory systems. For instance, the year began with 26 projects in either the pre-environmental assessment (EA) phase, or actually in EA. By the end of the year that number has increased to 32. What is remarkable about this figure is the movement of projects through the regulatory system. For instance, eight projects worth $5.1 billion moved into permitting over this time, while seven projects worth $4.4 billion moved into EA. This cycling of projects through the regulatory process across the North is what Northerners and all of Canada had hoped for – the North is entering a fundamentally new stage of economic transformation; where potential is becoming reality.

Because of the level of activity, CanNor and the NPMO focused on advancing major projects, including large scale infrastructure, across the North. This is reflected in the NPMO portfolio of companies it serviced doubled from 22 to 44 over the year. CanNor's contributions programs supported this priority in areas such as geosciences and the negotiation of impact benefit agreements. These investments were key in meeting this priority and were complemented by NPMO's single window service for resource development in Canada's North. A key shift in the fiscal year was NPMO's strong emphasis on partnering with Aboriginal communities.

The NPMO developed the Community Readiness Initiative to help communities plan and prepare for major resource development prior to projects moving through the regulatory process. This new initiative brings together partners in resource development including the territorial and federal governments, Aboriginal leadership and project proponents who coordinate efforts to maximize the positive socio-economic impact of major projects. This work was supported by Memorandum of Understanding negotiated with Aboriginal organizations, such as the one signed with the Kitikmeot Inuit Association[20].

Engagement is at the core of NPMO operations and was reflected in the 11 Resource Development Advisory Groups (RDAGs) it chaired over the year. RDAGs enable proponents to present their proposed projects to, and seek feedback from, the relevant regulatory boards and federal and territorial departments and agencies in advance of entering the review process. Project committees also met through the year in Yukon, Northwest Territories and Nunavut. These forums allow representatives from the federal, territorial and regulatory boards to convene and discuss issues related to the review process. Project-specific technical working groups, related to particular aspects of a project (e.g., shipping) were also organized 17 times to facilitate the sharing of information between the proponents, federal and territorial departments, Aboriginal governments and organizations, and the respective review board.

The NPMO also consolidated federal feedback and expert advice to the regulatory boards to reduce duplication and improve clarity and consistency of the federal information provided. The NPMO also ensured expediency and consistency from federal regulators when seeking federal approval for projects through its coordination of the final federal decision on a project. For example, approval of the Baffinland Mary River iron ore project in Nunavut took 77 days, a speed that reflects the efforts of all federal partners throughout the regulatory process to work with all parties to ensure the project was designed to meet the highest environmental standards.

1.4 Internal Services

This program is common across government. Internal Services are groups of related activities and resources administered to support the needs of program activities and other corporate obligations of the Agency. These groups are: management and oversight services; communications; legal services; human resources management; financial management; information management services; information technology; materiel services; acquisition services; and travel and other administrative services. Internal Services includes only those activities and resources that apply across the entire organization and not to those provided specifically to support a program. Further details can be found at 2012–13 Main Estimates.[21]

Financial Resources ($ thousands)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference 2012–13
7,850	7,850	8,148	7,316	534

Human Resources (FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
30	27	3

As a result of Budget 2012, savings in the amount of $200,000 were realized in accommodation costs. The remaining $334,000 can be attributed to the impact of hiring delays and other expenditure savings.

Performance Analysis and Lessons Learned

CanNor continues to improve its governance, corporate and management practices. Corporate committees meet regularly and records of decisions are posted internally. Corporate Services structures are stabilized and MOUs are in place to substantiate the services provided by departments such as AANDC and Public Works Government Services Canada (PWGSC).

CanNor's compensation services are now provided by PWGSC Pay Services and the Agency has established internal processes to ensure the efficient continuity of those pay services. The Agency promoted a culture of excellence using the Public Service Employee Survey (PSES) results to guide the collective efforts of management and employees by engaging staff in discussions to develop an action plan. Some key results included improved internal communications and the creation of a policy analyst development program. CanNor also undertook a classification review to bring stability to the structure of the organization and to ensure that work descriptions are accurate.

CanNor continues to receive a variety of administrative and financial services from AANDC. An MOU is in place and is reviewed annually. CanNor is participating with AANDC as this department transitions to more centralized processes for its accounting services and a new financial system planned April 1, 2014.

CanNor staff participates on Finance, HR and IM/IT committees with their counterparts in the Regional Development Agencies (RDAs) to review current practices and procedures. Finance and HR committees have established terms of reference and operating plans to share and establish common processes. Possible collaboration for client/case management systems and Grants and Contributions system modernization is also being explored.

As part of Budget 2012 reductions, savings were realized for CanNor's office space. The more efficient space configurations also created opportunities to meet existing space demands from other government departments.

CanNor continued to improve its financial reporting by Program and as a result, planned spending for 2012-13 is properly aligned with the Main Estimates and actual spending. The Office of the Comptroller General completed a Follow-Up Audit (report dated April 2013) to the 2011 Core Control Audit, which examined controls over financial management and reporting, and found significant improvements achieved by CanNor as part of the commitments made in response to the findings and recommendations of the 2011 Audit.

Finally, CanNor has developed a suite of communication tools to increase visibility and strengthen the CanNor brand. In addition to developing an external communications plan, an internal plan was developed and implemented and includes a new internal newsletter.

Section III: Supplementary Information

Financial Statements Highlights

Condensed Statement of Operations and Departmental Net Financial Position

Canadian Northern Economic Development Agency Condensed Statement of Operations and Departmental Net Financial Position (Unaudited) For the Year Ended March 31, 2013 ($ millions)					
	2012–13 Planned Results	**2012–13 Actual**	**2011–12 Actual**	**$ Change (2012–13 Planned vs. Actual)**	**$ Change (2012–13 Actual vs. 2011–12 Actual)**
Total expenses	52.7	52.4	46.2	0.3	6.2
Total revenues	-	-	-	-	-
Net cost of operations before government funding and transfers	52.7	52.4	46.2	0.3	6.2
Departmental net financial position	-	1.1	0.5	-	0.6

Total Expenses recorded in CanNor's Financial Statements for 2012-13 are generally consistent with Actual Spending on a government funding basis as per the Performance Summary in Section I of this report. Note 3 of the Financial Statements, which pertains to Parliamentary Authorities, provides a reconciliation of the net cost of operations in the Financial Statements to current year authorities used. Overall expenses for 2012-13 are $6.2 million higher than last year. Transfer payment spending makes up most of this variance due to the full year funding for NABEP in 2012-13 (only partial year funding in 2011-12) and the first year of the CIIF program. Salaries in 2012-13 are also slightly lower than the previous year by $0.5 million as the Agency continues to stabilize its FTEs.

The Agency lapsed $1.1 million in Operating funding in 2012-13 ($1.8 million in 2011-12 of which $1 million was the unused portion of funding for the Iqaluit HQ costs) and $1.5 million in Contributions ($762,000 in 2011-12). Because CanNor's funding programs are proposal-driven, some years certain programs may be over-subscribed or, as is the case in 2012-13, slightly under-subscribed. *CFO: MO staff is asking – did we really lapse $1.1M in O&M in 12-13and $1.5M in G&C – what is the $762,000 figure? And, in the Table below, did we have LESS liability and LESS debt?*

Condensed Statement of Financial Position

Canadian Northern Economic Development Agency Condensed Statement of Financial Position (Unaudited) As at March 31, 2013 ($ millions)			
	2012–13	**2011–12**	**$ Change**
Total net liabilities	16.7	18.8	(2.1)
Total net financial assets	15.9	17.0	(1.1)
Departmental net debt	.8	1.8	(1.0)
Total non-financial assets	1.9	2.3	(.4)
Departmental net financial position	1.1	.5	.6

For CanNor's departmental financial position at March 31, 2013, approximately 88% of the total net liabilities of $16.7 million are related to contribution payables at year-end and statutory liabilities. These liabilities are offset by $1.9 million of non-financial assets which are mainly leasehold improvements. The balance of the assets is amounts due from the consolidated revenue fund

Financial Statements

A link to CanNor's financial statements can be found on the Agency's web site[22].

Supplementary Information Tables

All electronic supplementary information tables can be found on CanNor's web site[23] under the 2012–13 Departmental Performance Report link.

- Details on Transfer Payment Programs
- Greening Government Operations
- Upcoming Internal Audits and Evaluations over the next three fiscal years

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*[24] publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.

Section IV: Other Items of Interest

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Endnotes

[1] The Northern Economic Index (NEI): http://www.cannor.gc.ca/aa/nei1112/nei1112-eng.asp

[2] The Northern Economic Index (NEI): http://www.cannor.gc.ca/aa/nei1112/nei1112-eng.asp

[3] Strong Economic Growth: http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx

[4] Public Accounts of Canada 2013 http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[5] Federal Sustainable Development: http://www.ec.gc.ca/dd-sd/

[6] Policy on Green Procurement: http://www.tpsgc-pwgsc.gc.ca/ecologisation-greening/achats-procurement/politique-policy-eng.html

[7] 2012-13 Greening Government Operations Supplementary Table: http://www.cannor.gc.ca/aa/dpr-rmr/2012-2013/ggo-eog-eng.asp

[8] Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: http://www.ceaa-acee.gc.ca/default.asp?lang=En&n=B3186435-1

[9] Link to Stakeholder Feedback : http://www.cannor.gc.ca/aa/rr-eng.asp

[10] 2012-13 Main Estimates: http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/me-bpd-eng.asp

[11] The Northern Economic Diversification Index: http://www.cannor.gc.ca/aa/nedi1213/nedi1213-eng.asp

[12] 2012-13 Main Estimates: http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/me-bpd-eng.asp

[13] Community Well-Being Index: http://www.aadnc-aandc.gc.ca/eng/1100100016579/1100100016580

[14] Source: Statistics Canada, http://www.statcan.gc.ca/start-debut-eng.html

[15] Source: Conference Board of Canada: http://www.conferenceboard.ca/ Territorial Outlook, Winter 2013

[16] 2012-13 Main Estimates: http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/me-bpd-eng.asp

[17] The Northern Economic Index (NEI): http://www.cannor.gc.ca/aa/nei1112/nei1112-eng.asp

[18] Link to CanNor's 2013-18 Strategic Framework: http://www.cannor.gc.ca/aa/rr-eng.asp

[19] 2009 Federal Framework for Aboriginal Economic Development: http://www.aadnc-aandc.gc.ca/eng/1100100033498/1100100033499

[20] MOU between CanNor and the Kitikmeot Inuit Association: http://www.cannor.gc.ca/aa/mouKIA-eng.asp

[21] 2012-13 Main Estimates: http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/me-bpd-eng.asp

[22] CanNor's Financial Statements: http://www.cannor.gc.ca/aa/rr-eng.asp

[23] CanNor's Estimates Documents: http://www.cannor.gc.ca/aa/ed-eng.asp

[24] Tax Expenditures and Evaluations Report: http://www.fin.gc.ca/purl/taxexp-eng.asp